

Fact Sheet: Maryland

Workplace Retirement Plans Will Help Workers Build Economic Security

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Access to an employer-based retirement plan is critical for building financial security later in life. Yet, about 48 percent of Maryland's private sector employees—roughly 995,000—work for an employer that does not offer a retirement plan. Significant numbers of workers at all levels of earnings and education do not have the ability to use payroll deductions to save for retirement.

Currently in Maryland, workers of larger employers are more likely to have a retirement plan than workers of smaller employers. The probability of having a workplace retirement plan also differs considerably by workers' earnings level, education, and race and ethnicity. The lack of ability to participate in an employer-provided retirement plan, however, spans all levels of education and earnings, and cuts across all groups.

Maryland's Situation by the Numbers

About 48 percent of Maryland workers ages 18 to 64 in the private sector work for businesses that do not offer a retirement plan.

- **Small-business employees are less likely to have a plan:** Workers in Maryland businesses with fewer than 100 employees are much less likely to have access to a plan (67 percent) than workers in larger businesses (35 percent). In raw numbers, about 553,000 small-business employees do not have access to a retirement plan compared with about 442,000 in businesses with 100 or more workers.
- **Workers at all education levels do not have a plan:** About 75 percent of workers who did not have a high school degree did not have an employer-provided retirement plan—a much higher percentage than workers with some college (53 percent) or a bachelor's degree or higher (34 percent). But in raw numbers, workers with at least some college who did not have access to an employer plan exceeded those workers without a high school degree who did not have access to an employer plan (561,000 versus 120,000).

- **Workers at all earnings levels do not have a plan:** More than 738,000 of Maryland employees with annual earnings of \$40,000 or less did not have access to a workplace plan. These workers represent about 74 percent of the 995,000 employees without an employer-provided retirement plan.
- **Access to a plan differs substantially by race and ethnicity:** About 74 percent of Hispanic workers and about 44 percent of African Americans lacked access to an employer-provided retirement plan. Minorities accounted for about 52 percent (513,000) of the roughly 995,000 employees without a workplace retirement plan.

Why Access to Payroll Deduction Retirement Savings Plans Is Important

- **Makes saving easier:** About 90 percent of households participating in a workplace retirement plan today report that payroll deductions are very important and make it easier to save.¹ Saving at work appears to be critical: Few households eligible to contribute to an Individual Retirement Account outside of their jobs regularly do so.²
- **Helps increase retirement income:** Social Security is essential to retirement security, but its



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average retirement benefit is only \$1,300 a month. Most retirees will need additional resources. Providing workers with a convenient way to save is an important step to increase the amount of assets a person will have at retirement: A 2014 Employee Benefit Research Institute study found that about 62 percent of employees with access to a retirement plan had more than \$25,000 in total savings and investments, and 22 percent had \$100,000 or more. However, only 6 percent of those without access to such a plan had over \$25,000 saved, and only 3 percent had \$100,000 or more.³

- **Allows individuals to build their own economic security:** Retirement savings plans help workers achieve economic security through their own efforts. Greater access could also help improve economic mobility and reduce wealth disparity.

Maryland: Who is NOT Covered by a Workplace Retirement Plan?
(percentage and number of private wage and salary workers ages 18-64 whose employer does not offer a retirement plan)

Item	Group	%	Number
ALL	ALL	47.9%	994,730
Age	18-34 years	57.8%	485,854
	35-44 years	45.2%	201,250
	45-54 years	40.1%	190,243
	55-64 years	36.9%	117,385
Race & Ethnicity*	Hispanic	73.8%	176,083
	Asian (non-Hispanic)	45.6%	74,596
	Black (non-Hispanic)	44.4%	249,231
	White (non-Hispanic)	44.6%	482,000
Education	Less than high school	75.2%	120,206
	High school	55.0%	313,413
	Some college	53.4%	312,523
	Bachelor's or higher	34.0%	248,588
Gender	Male	46.6%	489,849
	Female	49.1%	504,981
Employer Size	Under 10	80.1%	223,780
	10-49	65.2%	239,991
	50-99	51.7%	89,062
	100-499	42.7%	127,345
	500-999	35.8%	38,110
	1,000+	32.4%	276,442
Earnings Quintile	\$14,000 or less	75.3%	280,258
	\$14,001 to \$25,000	67.9%	249,629
	\$25,001 to \$40,000	53.2%	208,911
	\$40,001 to \$63,500	34.6%	152,310
	Over \$63,500	20.5%	103,613

Source: U.S. Census Bureau's Current Population Survey, March Supplements 2012-2014.

Note: The results are based on three-year averages from 2011-2013. The sample includes workers whose longest-held job was in the private sector. Earnings quintiles are based on all wages and salary earned by U.S. workers, whether or not they were covered by a retirement plan.

* Other non-Hispanic category is not shown, so sum of race & ethnicity categories may not sum to total

- 1 Jack VanDerhei, "The Impact of Modifying the Exclusion of Employee Contributions for Retirement Savings Plans from Taxable Income: Results from the 2011 Retirement Confidence Survey," Employee Benefit Research Institute (EBRI) Notes, March 2011. Available at http://www.ebri.org/pdf/notespdf/EBRI_Notes_03_Mar-11.K-Taxes_Acct-HP.pdf.
- 2 For workers earning between \$30,000 and \$50,000, about 72 percent participated in an employer-provided retirement savings plan when one was available, compared with less than 5 percent without an employer plan who contributed to an Individual Retirement Account. Unpublished estimates from EBRI of the 2004 Survey of Income and Program Participation Wave 7 Topical Module (2006 data).
- 3 2014 RCS Fact Sheet #6," EBRI. Available at <http://ebri.org/pdf/surveys/rcs/2014/RCS14.FS-6.Prep-Ret.Final.pdf>.

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